

BANK INDONESIA REGULATION

NUMBER: 7/9/PBI/2005

CONCERNING

SHARIA RURAL BANK MONTHLY REPORTS

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas for the preparation of the reports and information needed to monitor the condition of banks, it is essential to have timely, accurate, and correct information on the financial and business condition of individual banks;
 - b. whereas to obtain timely, accurate, and correct information on the financial and business condition of individual banks, it is necessary for reports to be submitted online;
 - c. whereas with the ongoing expansion of rural banks conducting business based on sharia principles, it is necessary to have guidelines on the preparation of monthly reports to Bank Indonesia that encompass financial condition with particular reference to the characteristics of rural banks conducting business based on sharia principles;
 - d. whereas with the adoption of Statement of Financial Accounting Standards Number 59 concerning Sharia Banking and Guidelines for Accounting of Sharia Banking in Indonesia, adjustments are needed to the monthly reports submitted to Bank Indonesia by rural banks conducting business based sharia principles;

- e. now therefore pursuant to the considerations referred to in letter a, letter b, letter c, and letter d, it is deemed necessary to enact renewed provisions concerning the submission of monthly reports by Rural Banks conducting business based on sharia principles in a Bank Indonesia Regulation.

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact: THE BANK INDONESIA REGULATION CONCERNING SHARIA RURAL BANK MONTHLY REPORTS.

CHAPTER I GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Sharia Rural Bank”, hereinafter referred to as SRB, is a Rural Bank as defined in Article 1 number 4 of Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, conducting business based on sharia principles.
2. “Business Based on Sharia Principles” is banking business conducted on the basis of Sharia Principles as defined in Article 1 number 13 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.
3. “Reporting SRB” is the head office of an SRB.
4. “SRB Monthly Report”, hereinafter referred to as Monthly Report, is a financial report prepared by an SRB for the purposes of Bank Indonesia and presented in accordance with the systematic arrangement determined by Bank Indonesia applying a uniform format and definitions and reported with the use of codes and numbers.
5. “Online Submission of Monthly Reports” is the submission of reports by reporting SRBs by means of transmission or transfer of recorded data directly to the Bank Indonesia Head Office over the Bank Indonesia extranet facility or other technological means.
6. “Offline Submission of Monthly Reports” is the submission of reports by reporting SRBs to Bank Indonesia by means of delivery of recorded data on diskette or CD-ROM accompanied by hard copy.

Article 2

- (1) Reporting SRBs shall prepare and submit Monthly Reports to Bank Indonesia each month in a correct and complete manner on a timely basis.
- (2) The scope of Monthly Reports as referred to in paragraph (1) covers all aspects of financial affairs as follows:
 - a. Balance Sheet;
 - b. Details of Profit/Loss;
 - c. Off-Balance Sheet Items; and
 - d. Detailed list of balance sheet items and specified accounts in off-balance sheet items and details of other important information.
- (3) Monthly reports as referred to in paragraph (1) shall conform to the Guidelines for Preparation of SRB Monthly Reports stipulated by Bank Indonesia.
- (4) Reporting SRBs shall be responsible for correctness and completeness of the content of Monthly Reports and timely submission of Monthly Reports to Bank Indonesia as referred to in paragraph (1).

Article 3

- (1) In the event that an SRB is dissolved by reason of merger or consolidation with another SRB, with the result that it is no longer a Reporting SRB, the SRB shall notwithstanding be required to submit a Monthly Report for data at end of reporting month prior to merger or consolidation.
- (2) If an SRB is still in the process of acquisition and is no longer in operation, the Reporting SRB shall notwithstanding be required to submit Monthly Reports to Bank Indonesia.
- (3) The requirement for submission of Monthly Reports as referred to in paragraph (1) and paragraph (2) may be waived with written approval from Bank Indonesia.

Article 4

Reporting SRBs are required to have a conversion system and procedures set out in a written manual.

Article 5

Reporting SRBs are required to appoint staff and a responsible officer for preparation and submission of Monthly Reports.

CHAPTER II

PERIOD FOR SUBMISSION OF REPORTS AND REPORT CORRECTIONS

Article 6

- (1) Reporting SRBs are required to submit Monthly Reports as referred to in Article 2 paragraph (1) no later than the 12th (twelfth) day of the following month after the end of the Reporting month concerned.
- (2) A Reporting SRB shall be deemed to have submitted a Monthly Report on the date of receipt of the Monthly Report by Bank Indonesia.

Article 7

A Reporting SRB shall be deemed late in submission of a Monthly Report if the Monthly Report is submitted during the period after deadline referred to in Article 6 paragraph (1) through the 21st (twenty-first) day of the following month after the end of the reporting month.

Article 8

A Reporting SRB shall be deemed not to have submitted a Monthly Report if Bank Indonesia has not received the Monthly Report by the deadline referred to in Article 7.

Article 9

- (1) In the event of any inaccuracies and/or errors in a previously submitted Monthly Report, the Reporting SRB shall submit corrections to the Monthly Report.
- (2) The Reporting SRB shall submit corrections to errors in the Monthly Report as referred to in paragraph (1) no later than the 12th (twelfth) day of the following month after the end of the Reporting month concerned.
- (3) A Reporting SRB shall be deemed to have submitted corrections to a Monthly Report on the date of receipt by Bank Indonesia of the corrections to the Monthly Report.

Article 10

A Reporting SRB shall be deemed late in submission of corrections to a Monthly Report if it submits corrections to the Monthly Report past the deadline referred to in Article 9 paragraph (2) through the 21st (twenty-first) day of the following month after the end of the reporting month.

Article 11

A Reporting SRB shall be deemed not to have submitted corrections to a Monthly Report if it fails to submit corrections to the Monthly Report by the deadline referred to in Article 10.

Article 12

If the deadline for submission of a Monthly Report and/or corrections to Monthly Report as referred to in Article 6 paragraph (1), Article 7, Article 9 paragraph (2), and Article 10 falls on a Saturday, Sunday, or official holiday, corrections to the Monthly Report shall be submitted on the previous working day.

Article 13

If errors are discovered on the basis of study and/or examination by Bank Indonesia of a Monthly Report submitted by a Reporting SRB, the Reporting SRB shall be required to use the findings of the examination in preparation of Monthly Reports for positions after the findings of the examination.

CHAPTER III

PROCEDURE FOR SUBMISSION OF REPORTS AND REPORT CORRECTIONS

Article 14

- (1) Reporting SRBs shall submit Monthly Reports and/or corrections to Monthly Reports online to Bank Indonesia by the 21st (twenty-first) day of the following month after the end of the reporting month.
- (2) The requirement for online submission of Monthly Reports and/or corrections to Monthly Reports shall be waived for:
 - a. Reporting SRBs domiciled in regions not equipped with communications facilities so that it is not possible to submit Monthly Reports online;

- b. a newly opened Reporting SRB within a time limit of no more than 2 (two) months after commencement of operations; or
 - c. a Reporting SRB experiencing technical faults.
- (3) An SRB shall obtain a waiver as referred to in paragraph (2) after prior submission of written notification to Bank Indonesia.
- (4) Any Reporting SRB unable to submit Monthly Reports and/or corrections to Monthly Reports online as referred to in paragraph (2), or submitting a Monthly Report and corrections to a Monthly Report past the deadline referred to in Article 7 and/or Article 10, shall be required to submit Monthly Reports and/or corrections to Monthly Reports offline.
- (5) In the event of damage and/or technical fault in the database system and/or communications network at Bank Indonesia:
- a. for a Reporting SRB that has submitted a Monthly Report and/or corrections to Monthly Report, Bank Indonesia may request the Reporting SRB to resubmit the Monthly Report and/or corrections to Monthly Report.
 - b. a Reporting SRB that has not submitted a Monthly Report and/or corrections to Monthly Report shall be required to submit the report offline.

CHAPTER IV

GUIDELINES FOR RECORDING AND REPORTING

Article 15

SRBs are required to maintain records of their business activities pursuant to the Statements of Financial Accounting Standards and Guidelines for Sharia

Bank Accounting in Indonesia applicable to the Sharia Banking System as the basis for preparation of Monthly Reports.

CHAPTER V SANCTIONS

Article 16

- (1) Any Reporting SRB late in submission of a Monthly Report as referred to in Article 6 shall be liable to a financial penalty of Rp 100,000.00 (one hundred thousand rupiahs) per working day of delay.
- (2) Any Reporting SRB failing to submit a Monthly Report as referred to in Article 8 shall be liable to a financial penalty of Rp 5,000,000.00 (five million rupiahs).
- (3) Any Reporting SRB late in submission of corrections to a Monthly Report as referred to in Article 10 shall be liable to a financial penalty of Rp 10,000.00 (ten thousand rupiahs) for each submission of corrections to the Monthly Report per working day of delay.
- (4) If errors are discovered according to study and/or examination by Bank Indonesia of a Monthly Report submitted by a Reporting SRB, the Reporting SRB shall be liable to a financial penalty of Rp 10,000.00 (ten thousand rupiahs) per item of error up to an aggregated maximum of Rp 1,000,000.00 (one million rupiahs).
- (5) Any Reporting SRB submitting a Monthly Report and/or corrections to a Monthly Report offline during the period for online submission without meeting the requirements referred to in Article 14 paragraph (2) and paragraph (3) shall be liable to a financial penalty of Rp 50,000.00 (fifty

thousand ...

thousand rupiahs) for each submission of a Monthly Report or corrections to Monthly Report.

- (6) Any Reporting SRB sending a Monthly Report and/or corrections to Monthly Report at the request of Bank Indonesia as referred to in Article 14 paragraph (5) shall not be liable to sanctions.
- (7) Any Reporting SRB under imposition of sanctions as referred to in paragraph (2) shall notwithstanding be required to submit the Monthly Report concerned.

Article 17

Financial penalty as referred to in Article 16 shall be charged by transfer to an account of Bank Indonesia.

Article 18

Any Reporting SRB failing to comply with the provisions referred to in Article 3, Article 4, Article 5, Article 13, and Article 15 shall be liable to administrative sanctions within the framework of Bank supervision as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, in the form of written warning.

Article 19

In addition to imposition of administrative sanctions as referred to in Article 18, any offense in regard to falsification of improper transactions resulting in the fulfillment of any of the conditions referred to in Article 49 paragraph (1) of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 shall be subject to the penal provisions referred to in Article 49 paragraph (1) and Article 50 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Article 20

Any Reporting SRB under imposition of financial penalty as referred to in Article 16 shall also be liable to administrative sanctions within the framework of Bank supervision as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, in the form of written warning.

CHAPTER VI FORCE MAJEURE

Article 21

- (1) A Reporting SRB experiencing a condition of force majeure for one or more periods for submission shall be exempted from the requirement for submission of Monthly Reports and/or corrections to Monthly Reports as referred to in Article 2 paragraph (1) and/or Article 9 paragraph (1).
- (2) A Reporting SRB experiencing a condition of force majeure for less than one period for submission of Monthly Reports shall be exempted from the requirement for submission of Monthly Reports and/or corrections to Monthly Reports within the deadlines referred to in Article 6 paragraph (1) and Article 9 paragraph (2).
- (3) A Reporting SRB experiencing a condition of force majeure shall submit a written application to Bank Indonesia for exemption as referred to in paragraph (1) or paragraph (2), enclosing an explanation of the force majeure that has occurred.
- (4) A Reporting SRB that has received exemption as referred to in paragraph (1) and paragraph (2) shall submit Monthly Reports and/or corrections to

Monthly Reports as referred to in Article 2 paragraph (1) and/or Article 9 paragraph (1) after resumption of normal operation.

Article 22

Imposition of sanctions as referred to in Article 16 paragraph (4) shall be waived for submission of corrections to Monthly Reports in consequence to the findings of an annual audit by a public accountant.

CHAPTER VII TRANSITIONAL PROVISIONS

Article 23

With the enactment of this Bank Indonesia Regulation, Reporting SRBs shall notwithstanding be required to submit Monthly Reports of data for January and February 2005 as stipulated in Decree of the Board of Managing Directors of Bank Indonesia Number 28/58/KEP/DIR concerning Guidelines for Preparation of Rural Bank Monthly Reports and Circular Letter of Bank Indonesia Number 28/02/UPPB concerning Guidelines for Preparation of Rural Bank Monthly Reports, both dated August 29, 1995.

CHAPTER VIII CONCLUDING PROVISIONS

Article 24

Further provisions concerning the operation of SRB Monthly Reports shall be stipulated in a Circular Letter of Bank Indonesia.

Article 25 ...

Article 25

- (1) This Bank Indonesia Regulation shall come into force commencing from the reporting of data for March 2005 to be submitted in April 2005.
- (2) With the enactment of the legal provision referred to in paragraph (1), Decree of the Board of Managing Directors of Bank Indonesia Number 28/58/KEP/DIR concerning Guidelines for Preparation of Rural Bank Monthly Reports and Circular Letter of Bank Indonesia Number 28/02/UPPB concerning Guidelines for Preparation of Rural Bank Monthly Reports, both dated August 29, 1995, are declared no longer valid for SRBs commencing from the reporting of data for June 2005.
- (3) The provisions for sanctions as stipulated in this Bank Indonesia Regulation shall come into force commencing from the reporting of data for June 2005.
- (4) This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated: January 25, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 19 OF
2005

DPbS

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER: 7/9/PBI/2005

CONCERNING

SHARIA RURAL BANK MONTHLY REPORTS

GENERAL REVIEW

In Article 34 paragraph (1) of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, it is stipulated that commercial Banks, including Rural Banks conducting business based on sharia principles, shall submit their annual balance sheet and income statement and explanatory notes thereto, and other periodic reports, to Bank Indonesia within the deadlines and in the format stipulated by Bank Indonesia. These reports, information, and explanations are needed by Bank Indonesia for preparation of banking reports, information, and statistics in order to monitor the condition of banks.

In view of the rapid expansion in Rural Banks conducting business based on sharia principles and the adoption of Statement of Financial Accounting Standards Number 59 concerning Sharia Banking (PSAK No. 59) and the Guidelines for Accounting of Sharia Banking in Indonesia (PAPSI), the establishment of financial reporting for Rural Banks conducting business based on sharia principles cannot be postponed any longer for the creation of a sound banking system by means of an effective system for supervision.

Following ...

Following the adoption of PSAK No. 59 and PAPSII, there is an increasingly urgent need for accountable reports consistent with the characteristics of sharia banking. In this regard, Bank Indonesia has prepared guidelines for the monthly reports of Rural Banks conducting business based on sharia principles to enable these reports to present information on the actual condition of Sharia Rural Banks and thus meet the needs of parties requiring these reports and support the supervision system operated by Bank Indonesia.

ARTICLE BY ARTICLE

Article 1

Number 1 through number 6

Self-explanatory

Article 2

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 3

Paragraph (1)

For example:

If SRB X is merged with SRB Y on March 1, 2005, with the dissolution of the legal entity of SRB X, SRB X shall notwithstanding be required to report the data for the reporting month of February 2005.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 4

The conversion procedures shall be used by the Reporting SRB to adjust the presentation of data from the SRB internal bookkeeping format to the Monthly Report format as stipulated in the Guidelines for Preparation of SRB Monthly Reports.

Article 5

“Staff” are defined as SRB employees who put together and verify reports.

“Designated responsible officer” is an SRB officer or employee bearing responsibility and performing reverification and submission of reports to Bank Indonesia.

The staff and designated responsible officer shall be different persons.

Article 6

Paragraph (1)

For example:

The report for the data of March 2005 shall be submitted no later than April 12, 2005.

Paragraph (2) ...

Paragraph (2)

Proof of receipt of the report may consist of a soft copy that may be downloaded if the report is submitted online. In the case of reports submitted offline, proof of receipt shall consist of a receipt for submission of the report.

Article 7

For example :

Submission of a report for data of March 2005 shall be deemed late if submitted commencing from April 13, 2005, through April 21, 2005.

Article 8

For example

A report for data of March 2005 shall be deemed not submitted if the Monthly Report is submitted after April 21, 2005.

Article 9

Paragraph (1)

“Report inaccuracies and/or errors” are defined as lack of compliance of a submitted Monthly Report with the Guidelines for Preparation of Monthly Reports.

The understanding of corrections in this paragraph is corrections made at the initiative of the SRB itself.

Paragraph (2)

For example:

Corrections to the Monthly Report for the data of March 2005 shall be submitted no later than April 12, 2005.

Paragraph (3) ...

Paragraph (3)

Proof of receipt of the report may consist of a soft copy that may be downloaded if the report is submitted online. In the case of reports submitted offline, proof of receipt shall consist of a documentary receipt for submission of the report.

Article 10

For example:

Submission of corrections to a Monthly Report for data of March 2005 shall be deemed late if submitted commencing from April 13, 2005, through April 21, 2005.

Article 11

For example:

Corrections to a Monthly Report for data of March 2005 shall be deemed not submitted if the Monthly Report is submitted after April 21, 2005.

Article 12

Included as official holiday is any national holiday and local official holiday proclaimed by a Provincial Government.

“Previous working day” is defined as the working day preceding a Saturday, Sunday, or official holiday.

For example:

Corrections to a Monthly Report for data of February 2005, which must be submitted no later than March 12, 2005, are due on a Saturday and March 11, 2005, is a national holiday. Accordingly, the deadline for

submission of the Monthly Report for data of February 2005 is Thursday, March 10, 2005.

Article 13

Self-explanatory

Article 14

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

“Technical fault” is defined as any breakdown rendering a Reporting SRB unable to submit reports online, including but not limited to breakdown in the telecommunications network, building fire, and/or power blackout.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 15

Self-explanatory

Article 16

Paragraph (1)

For example:

An SRB Monthly Report for the position of February 2005 is due on March 12, 2005 (Saturday).

SRB A submits data for the report for the position of February 2005 on Tuesday, March 14, 2005. SRB A is therefore deemed late by 1 working day, i.e., Monday, in submission of the report and therefore SRB A is liable to a financial penalty of 1 x Rp 100,000.00 = Rp 100,000.00 (one hundred thousand rupiahs).

Paragraph (2)

For example :

The deadline after which an SRB monthly report for the position of March 2005 is deemed not submitted is April 21, 2005.

SRB A submits a Monthly Report for data of March 2005 on Monday, April 22, 2005. SRB A is therefore liable to a financial penalty for failure to submit a Monthly Report in the amount of Rp 5,000,000.00 (five million rupiahs).

Paragraph (3)

For example :

The deadline for submission of corrections to an SRB Monthly Report for the position of March 2005 is April 21, 2005, which falls on a Sunday. SRB A submits corrections to the Monthly Report of data for March 2005 on Tuesday, April 23, 2005. SRB A is deemed late by 2 working days, i.e., Monday and Tuesday, in submission of corrections to the Monthly Report and therefore

the SRB is liable to a financial penalty of $2 \times \text{Rp } 10,000.00 = \text{Rp } 20,000.00$ (twenty thousand rupiahs).

Paragraph (4)

In the event of an error in a Monthly Report based on the findings of examination by Bank Indonesia, the financial penalty shall be imposed only for error in the data for the reporting month at the position of examination.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Paragraph (7)

Self-explanatory

Article 17

Self-explanatory

Article 18

Self-explanatory

Article 19

Self-explanatory

Article 20

Self-explanatory

Article 21

Paragraph (1)

“Force majeure” is defined as any condition rendering a Reporting SRB categorically unable to prepare and submit a Monthly Report and/or corrections to a Monthly Report, including but not limited to fire, mass riots, war, sabotage, and natural disaster such as earthquake and flood, as confirmed by the governing authorities or an official of a relevant agency in the local area.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 22

Self-explanatory

Article 23

Self-explanatory

Article 24

Self-explanatory

Article 25

Paragraph (1)

Self-explanatory

Paragraph (2) ...

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory